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Section: New American Manufacturers

NUMMI STINT HELPS HOGAN THINK SMALL

The New United Motor Manufacturing Inc. plant in Fremont, Calif., has been good to General Motors - and Mark Hogan.

As a young staffer for Jack Smith, then director of worldwide product planning, Hogan helped plan the joint venture between Toyota Motor Corp. and GM in 1984.

The small-car plant has been extremely valuable to GM. In the early 1980s, GM needed help. Its product quality was lower and its costs were higher than those of Toyota and other Japanese companies.

NUMMI gave GM a window into Toyota's efficient manufacturing techniques, since GM's Chevrolet Prizms are built side-by-side with Toyota Corollas in the plant.

In the past 14 years, NUMMI has become the "centerpiece" of GM's effort to adopt lean manufacturing, the practice of reducing inventory and other costs to minimal levels, Hogan says.

Toyota and GM reopened a shuttered GM assembly plant with a history of poor labor relations. Many critics said the work force, largely rehired, would never build good cars at the plant.

The doubters were wrong. The plant has consistently posted high quality and low costs for GM.

"The application of our NUMMI experiences is not limited just to North America," Hogan says. "In fact, NUMMI provided us with the blueprint for our Eisenach plant in Germany and was the basis for our turnaround in Brazil."

Eisenach serves as a model for GM's new plants around the world.

Moreover, NUMMI-trained engineers have spread the message of efficiency throughout GM.

"What's key about these learnings is that they're not finite," Hogan says. "Each new product design creates a new set of techniques that are dramatically different from the previous set, so our learning is continuous."

Hogan, meanwhile, has climbed the ladder at GM along with his mentor, Smith, who became CEO in 1992 and chairman in 1996.

Hogan headed GM do Brasil for four years before returning to Detroit in 1997 to take command of GM's Small Car Group Operations.

His challenge is huge. While the lessons of NUMMI have helped GM in Eisenach, Brazil and other places, GM still has trouble making money on small cars in America.

Hogan said late last year that productivity at some of GM's small-car plants lags the competition by more than 40 percent.

"Cost reduction is the No. 1 priority, bar none. We need those (small) cars because there is a market for them, but we won't engineer the next generation cars to lose money."

PHOTO (BLACK & WHITE): Hogan: Reducing costs is the priority.

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By Charles Child

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